

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 753 – SB 820

March 21, 2017

**SUMMARY OF ORIGINAL BILL:** Removes licensure requirements for employees of registered scrap metal dealers as long as such employees are employed by the registered scrap metal dealer. Authorizes a registered scrap metal dealer to employ other registered scrap metal dealers. Requires a registered scrap metal dealer to list each place of business in this state upon registration and subsequent registration renewals. Establishes that any violation committed by an employee of a registered scrap metal dealer while acting in the scope of employment constitutes a violation by such dealer. Establishes that a scrap metal dealer is not required to register its headquarters. For purposes of promulgating rules, this bill shall take effect upon becoming law. For all other purposes, this bill shall take effect on January 1, 2018.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue –

\$20,600/FY17-18/Scrap Metal Registration Program

\$51,500/FY18-19/Scrap Metal Registration Program

\$58,800/FY19-20/Scrap Metal Registration Program

Exceeds \$66,100/FY20-21 and Subsequent Years/Scrap Metal Registration  
Program

Other Fiscal Impact - Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The Scrap Metal Registration Program experienced a surplus of \$68,149 in FY14-15, a deficit of \$29,337 in FY15-16, and a cumulative reserve balance of \$354,852 on June 30, 2016.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Decrease Business Expenditures - \$20,600/FY17-18

\$51,500/FY18-19

\$58,800/FY19-20

Exceeds \$66,100/FY20-21 and Subsequent Years

**SUMMARY OF AMENDMENT (005446):** Deletes and rewrites the bill to remove language from the original bill that exempted scrap metal dealers' headquarters from registration requirements, and replaces the original effective date of January 1, 2018 with a new effective date of July 1, 2017.

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## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **Decrease State Revenue –**

**\$21,500/FY17-18/Scrap Metal Registration Program**

**\$25,600/FY18-19/Scrap Metal Registration Program**

**\$28,500/FY19-20/Scrap Metal Registration Program**

**Exceeds \$31,500/FY20-21 and Subsequent Years/  
Scrap Metal Registration Program**

**Other Fiscal Impact - Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The Scrap Metal Registration Program experienced a surplus of \$68,149 in FY14-15, a deficit of \$29,337 in FY15-16, and a cumulative reserve balance of \$354,852 on June 30, 2016.**

Assumptions for the bill as amended:

- Pursuant to the Scrap Metal Registration Program (SMRP) rule 0780-05-14-.03, any person who buys, exchanges, or deals in scrap metal either as an employer or employee/agent must register with the SMRP.
- Pursuant to SMRP rule 0780-05-14-.06, the initial cost of a biennial scrap metal dealer or dealer location license is a nonrefundable \$175. Each two-year renewal costs \$125.
- This bill as amended will result in employees or agents of a registered scrap metal dealer no longer being required to be registered with the SMRP.
- Based on information provided the Department of Commerce and Insurance (TDCI), this legislation will result in approximately 278 of the current 960 registered scrap metal dealers no longer being required to be licensed with the SMRP.
- A decrease in current registrants of 278.
- Based on information provided by TDCI, there were 234 initial applications for a scrap metal dealer or dealer location in FY15-16. Approximately 20 percent or 47 ( $234 \times .20$ ) initial applicants will no longer be required to register as a result of this legislation.
- Annualized, the decrease in state revenue in FY17-18 is estimated to be \$21,488  $\{[(278 \times \$125) + (47 \times \$175)] / 2\text{-years}\}$ . Annualized, the decrease in state revenue beginning in FY18-19 is estimated to be \$25,600  $\{[(278 \times \$125) / 2\text{-years}] + [(47 + 47) \times \$175] / 2\text{-years}\}$ .
- Annualized, the decrease in state revenue in FY19-20 is estimated to be \$28,538  $\{[(278 + 47) \times \$125] / 2\text{-years}] + [(47 + 47) \times \$175] / 2\text{-years}\}$ .
- Annualized, the recurring decrease in state revenue in FY20-21 and subsequent years is estimated to exceed \$31,475  $\{[(278 + 47 + 47) \times \$125] / 2\text{-years}] + [(47 + 47) \times \$175] / 2\text{-years}\}$ .
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The SMRP experienced a surplus of \$68,149 in FY14-15, a deficit of \$29,337 in FY15-16, and a cumulative reserve balance of \$354,852 on June 30, 2016.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Decrease Business Expenditures - \$21,500/FY17-18**

**\$25,600/FY18-19**

**\$28,500/FY19-20**

**Exceeds \$31,500/FY20-21 and Subsequent Years**

Assumptions for the bill as amended:

- This legislation will result in a decrease in business expenditures for certain individuals working as scrap metal dealers, equal to the cost of registration that will no longer be incurred by such individuals.
- Any impact to jobs in Tennessee is considered not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee" followed by the letters "RNC" in a smaller, less legible script.

Krista M. Lee, Executive Director

/jdb